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USDOC FOR 4332 MAC/ITA/WH/JLAO

E.O. 12958: DECL: 04/28/2019

TAGS: FFIN PREL VE

SUBJECT: SPECULATION ABOUT ULTERIOR USG MOTIVES IN FREEZING
OF BANK ACCOUNT

REF: CARACAS 406

Classified By: Economic Counselor Darnall Steuart for reasons 1.4 (b)
and (d).

¶11. (C) Businessman Andres Duarte (strictly protect) shared with Econcouns and PetAtt speculation he had heard from several associates that the recent freezing of a Bank of America account (ref A) was part of a USG plan to "tighten the financial noose" around the government of the Bolivarian Republic of Venezuela (GBRV) as it struggles to deal with low oil prices. (Note: This bank account was used by multiple Venezuelan brokers active in the parallel foreign exchange market. Most financial sector analysts believe that, in the months prior to the account's closure, PDVSA sold hundreds of millions of dollars into the parallel market through brokers who used this bank account. It is rumored that up to USD 80 million of PDVSA's money was frozen, among other funds. Since the freeze, which occurred on March 25, the parallel rate has risen from 5.9 to 6.8 bolivars/USD, partly because PDVSA apparently has not sold further dollars into the market. End note.)

¶12. (C) Comment: Duarte himself does not believe the USG had ulterior motives, beyond the announced money laundering indictment, in the freezing of the Bank of America account, nor have we heard such speculation firsthand ourselves. Given the tenuous state of our relations with Venezuela, however, we believe it worth reporting Duarte's comment, as we would not be surprised if some GBRV officials interpreted the freezing of the account as a part of an explicit USG plan to target Venezuelan or GBRV financial networks. End comment.
CAULFIELD